

Message Text

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ACTION EB-08

INFO OCT-01 EA-12 ISO-00 AGRE-00 CIAE-00 COME-00
INR-10 LAB-04 NSAE-00 SP-02 STR-07 TRSE-00 FRB-01
OMB-01 L-03 PA-02 ICA-20 SIL-01 /072 W
-----044085 251444Z /50

R 250400Z JUL 78

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 768

UNCLAS SINGAPORE 3305

DEPT PASS COMMERCE, LABOR AND TREASURY

E.O. 11652: N/A

TAGS: ELAB, SN, US

SUBJECT: AMALGAMATED CLOTHING AND TEXTILE WORKERS UNION
COMPLAINT ON IMPORTS FROM SINGAPORE

1. FOLLOWING NEWS REPORTS FROM WASHINGTON ON ACTWU'S COMPLAINT TO TREASURY REGARDING ALLEGED GOS SUBSIDY ON GARMENTS EXPORTS TO US, ARTICLE APPEARING IN JULY 21 STRAITS TIMES REPORTED GOS AND SINGAPORE TRADE VIEWS THAT NO GOS EXPORT SUBSIDY IS PROVIDED TO TEXTILE INDUSTRY. GOS REPORTEDLY REGARDS ACTWU'S COMPLAINT AS "TEST CASE" WHICH IF FOUND JUSTIFIED COULD LEAD TO OTHER AILING US INDUSTRIES FOLLOWING SUIT. THIS MIGHT ESPECIALLY AFFECT US ELECTRONICS FIRMS MANUFACTURING IN SINGAPORE, WHOSE MAJOR MARKET IS US AND WHICH HAVE RECEIVED VARIOUS GOS INVESTMENT INCENTIVES.

2. GOS, ACCORDING TO ARTICLE, REJECTS ACTWU'S CLAIM THAT TAX INCENTIVES ARE EXPORT SUBSIDIES, DISTINCTION BEING THAT SUBSIDIES SHOULD BE DEFINED AS FINANCIAL AID TO PRODUCERS TO ENABLE THEM TO EXPORT AT LOWER COST, WHILE INCENTIVES ARE FOR PURPOSES OF ATTRACTING INVESTMENT OR INCREASING OVERALL PRODUCTION, NOT ONLY UNCLASSIFIED

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THAT EXPORTED. SENIOR GOS OFFICIAL QUOTED AS SAYING THAT GOS DOES NOT INJECT FUNDS INTO TEXTILE INDUSTRY SO THAT IT CAN SELL MORE CHEAPLY ABROAD, AND THAT THERE IS NO DISCRIMINATION BETWEEN DOMESTIC AND EXPORT PRICES. FURTHERMORE, "THE GOVERNMENT HAS NEVER SUPPORTED LAME-DUCK INDUSTRIES BY SUBSIDIES AS IT IS LESS PAINFUL TO LET THEM DIE A NATURAL

ECONOMIC DEATH".

3. SINGAPORE TRADE SOURCES REPORTEDLY BELIEVE ACTWU CLAIM WILL FAIL, AND DESCRIBE IT AS "MIS-DIRECTED ATTEMPT TO FORESTALL STRUCTURAL REFORMS IN US TEXTILE AND GARMENT INDUSTRIES". ARTICLE RIGHTLY NOTES THAT CRUCIAL POINT IS WHETHER TAX INCENTIVES ARE IN FACT SUBSIDIES WHEN THEY ARE NOT GIVEN ESPECIALLY FOR EXPORTS.

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Message Attributes

Automatic Decaptoning: X
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Control Number: n/a
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Draft Date: 25 jul 1978
Decapton Date: 01 jan 1960
Decapton Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978SINGAP03305
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Document Unique ID: 00
Drafter: n/a
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Format: TEL
From: SINGAPORE
Handling Restrictions: n/a
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Legacy Key: link1978/newtext/t19780723/aaaaasxq.tel
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Litigation Codes:
Litigation History:
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Review Release Event: n/a
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Review Withdrawn Fields: n/a
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TAGS: ELAB, SN, US, ACTWU
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